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ABSTRACT

A research study of 48 United States corporate giving programs is described. The companies are generally large or mid-range in size and represent 15 different business and industry classifications. The size of their contributions programs ranged from $98,000 to $53 million in annual grants, with a median of $4.3 million. About three-fourths of the companies use a company foundation for at least a portion of their contributions. Two types of data were collected: (1) numerical information about the company and the contributions program, including dollar contributions in each of the last several years, contributions as a percent of the corporation's pretax net income, and the size of the contributions staff; and (2) narrative information obtained from interviews with contributions managers about how decisions are made, examples of grants recommended by staff but not finally approved, and examples of grants considered to be most creative. Also considered are procedures used to establish annual giving, along with components of program excellence; and program management and character (nature of grants and program size in relation to the size and resources of the business). The role of the company's chief executive office, and five management styles of the contributions program manager are also considered. (SW)

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Profiles of Effective Corporate Giving Programs

by
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INDEPENDENT SECTOR is a nonprofit coalition of over 600 corporate, foundation and voluntary organization members. The organization's mission is to create a national forum that encourages the giving, volunteering and not-for-profit initiative that help all of us better serve people, communities and causes.

E.B. (Burt) Knauft was appointed Executive Vice President of INDEPENDENT SECTOR in December, 1984. The major part of his career has been with Aetna Life & Casualty, including eleven years as Vice President, Corporate Social Responsibility and Vice President and Executive Director of Aetna Life & Casualty Foundation. He has also served as Visiting Fellow, Program on Non-Profit Organizations at Yale University, as Senior Consultant in Corporate Philanthropy to the Council on Foundations and is currently Chairman of the Board, Citizens' Scholarship Foundation of America.

This paper draws upon research supported by Yale University's Program on Non-Profit Organizations and supported by grants to that Program by Aetna Life & Casualty Foundation, Atlantic Richfield Foundation, Exxon Corporation, General Electric Foundation, General Mills Foundation, Levi Strauss Foundation and Metropolitan Life Foundation. A technical exposition of Dr. Knauft's research results will appear in a Working Paper published by the Program on Non-Profit Organizations.

Profiles of Effective Corporate Giving Programs

E. B. Knauft

December 1985

Summary

United States corporations currently give over three billion dollars annually to a wide spectrum of nonprofit voluntary organizations. This amount represents about 10 percent of all non-religious private sector giving. Although statistics on corporate giving have been collected for several decades, there have been few systematic attempts to study the day-to-day operation of corporate contributions programs, to determine how decisions are made and to identify the characteristics of the most effective programs.

This paper describes a research study of 48 of the nation's well-established corporate giving programs. The companies are located in various parts of the country; they are generally large or mid-range in size and represent 15 different business and industry classifications. The size of their contributions programs ranged from $98,000 to $53 million in annual grants, with a median of $4.3 million. About three-fourths of the companies use a company foundation for at least a portion of their contributions. About half the managers of the contributions programs in the study are women.

Two types of data were collected from each company: (1) numerical information about the company and the contributions program, including dollar contributions in each of the last several years, contributions as a percent of the corporation's pretax net income and the size of the contributions staff, and (2) narrative information obtained from a lengthy interview with the contributions manager, eliciting such information as how decisions are made and by whom, examples of grants recommended by staff but not finally approved and examples of grants considered to be most creative.

This paper finds that grantmaking in many companies is "reactive" rather than "proactive": decisions are made in response to a wide range of unsolicited grant requests. By contrast, those companies which started with well-defined grant criteria or priorities that could be used to attract and select grant requests that meet company objectives generally have far more effective programs. In fact, that process is one of the major characteristics of an effective program.

This paper also examines procedures used to establish the total annual level of giving, the specificity with which priorities are established, individuals and committees in the company involved in contributions decisions and the influence of company culture and the outside environment on grantmaking. It identifies three components of program excellence: the mechanical *management* of the program, the *character* of the program as reflected by the nature of grants made and program *size* in relation to the size and resources of the business.

Finally, this paper describes the impact of two individuals on a typical program—the company's chief executive officer and the manager of the contributions program. It identifies five different management styles of contributions managers: the loyal soldier, the skillful tactician, the change agent, the broker-advocate and the technocrat.

Profiles of Effective Corporate Giving Programs

E.B. Knauft
Executive Vice President
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Introduction

In 1984, U.S. corporations contributed nearly $3.8 billion to a wide spectrum of nonprofit organizations ranging from colleges and symphony orchestras to human service agencies and grassroots community development groups. Although these contributions represent less than 10 percent of all non-religious giving by the private sector, they constitute a significant share of the voluntary funds received by many of these organizations. In recent years, most major corporations have concluded that charitable giving provides an important avenue for becoming involved in the larger society while also serving their own interests.

Today, there is no longer a need for further justification of corporate public involvement, but much is yet to be learned about the factors associated with effective performance in this field. Research on a sample of better-known corporate giving programs was designed on the assumption that an analysis of the decision-making processes in these companies would pinpoint those practices most likely to produce effective programs.

A study of 48 companies revealed that corporate contributions decisions are made in a variety of ways and that a wide spectrum of forces within each company affects the size and thrust of the giving program. Examples of such forces are illustrated by excerpts from interviews with contributions managers:

> "We have a contributions committee, but it meets only once a year to approve the budget set by our Chairman. He is very much a hands-on manager in all respects, and that includes contributions. Most of that is handled by memos from me through my boss to the Chairman and that's the way grant decisions are made."

> "I have literally hundreds of people I use in investigation and evaluation of proposals, as well as in development of strategies. Collectively, we have a volume of expertise around just about every issue. There's a lot of teamworking and communication in a company like this."

> "Overall, the contributions committee operates pretty well. I appreciate the fact that people on the committee have strong views. They think it's really important to challenge your assumptions. I'm looking at this stuff from one point of view and I may completely miss something that's there. I don't feel put upon; I think 'Gee, maybe I've been saved from making a mistake.' "

In spite of differences among companies, it was possible to identify common elements and practices and then to isolate those associated with excellence in program management. The analysis of the giving programs provides a basis for:

- developing a model of the corporate grant-making process to show how a giving program can respond to the needs and character of the company while serving the communities in which it operates;

- defining standards of "excellence" for contributions programs and identifying qualities which characterize effectiveness and are potentially transferable to other companies; and
- identifying for senior management and for contributions managers those behaviors and organizational models to be emulated or avoided in improving the quality of company giving.

Collection and Analysis of Data

A sample of 48 U.S. corporations provided the basis for the study. The primary selection criterion was evidence that a company possessed a relatively well-developed contributions program and employed at least one staff person devoting full time to the contributions activity. This criterion was established on the assumption that well-established programs would be more likely to follow formal objectives, priorities and decision-making procedures and would possess more complete records of actions taken. The sample was thus weighted in favor of very large companies, but an effort was made to include some mid-range companies that met the criterion. Companies were selected from a variety of industries, from different geographical locations and from those that did and did not use a company foundation as a vehicle for giving.

Figure 1 summarizes the principal characteristics of the sample, including examples of quantitative data about each company's program. Quantitative information was supplemented by qualitative descriptive data obtained from in-depth interviews with the individual in each company having direct responsibility for the contributions program. This semi-structured interview examined such subjects as how and by whom contributions objectives and priorities are established; how decisions are made on individual contributions and grants, with examples of specific major grants; and, the use of contributions committees at corporate headquarters and in field locations. The interviews averaged one and a half to two hours in length and were recorded for later analysis.

The quantitative data were analyzed by a computerized data base management system to identify patterns of relationships between the many variables, but it was found that a content analysis of the interview data provided a far richer source of practical information. That analysis provided the basis for the observations and generalizations emerging from the study.

Research Results—How Decisions Are Made

In many companies, decisions about contributions are more often "reactive" than "proactive". Such decisions are made in response to a wide variety of unsolicited requests for funds, either in the absence of well-defined guidelines and priorities for giving or with minimal regard for such priorities. As a result, the program tends to be grant driven; its character is defined by requests received rather than reflecting established priorities.

By contrast, some companies follow the more systematic approach of establishing detailed priority areas and using these as a basis for actively seeking grant requests and as a criterion for evaluating all requests received. This approach is more likely to produce a contributions program that reflects company interests and makes most effective use of relatively limited funds.

In addition to decisions on individual grant requests, corporate giving programs also face decisions about the total

FIGURE 1

Description of Companies Studied

Number of companies: 48

Types of companies: 30 manufacturing, 18 non-manufacturing; 15 different industry classifications

Geographical location: 20 companies in East, 12 in Midwest, 16 in Far West

1983 earnings: Range from $14 million to $6.2 billion; mean = $779 million; median = $187 million

Five year annual earnings growth: Range from −54% to +43%; mean = 8%; median = 10.5%

Number of U.S. employees: Range 1500 to 450,000; mean = 54,000; median = 27,500

1983 Contributions: Range from $98,000 to $53 million; mean = $9.2 million; median = $4.3 million; first quartile = $2.3 million

1983 Contributions as a per cent of pre tax income: Range 0.6% to 5.0%; mean = 1.9%; median = 1.3%

Percent of company's contributions allocated to United Way: Range: 3% to 44%; mean = 16.5%; median = 14%

Percent of company's contributions allocated to employee matching gift program: Range: 2% to 33%; mean = 9.8%; median = 7%

Use of a company foundation: 77% of the companies have a foundation

Public disclosure: 54% of the companies publish an annual list of contributions

Size of professional contributions staff: Range: 1-20; mean = 3.8 persons; median = 3

Size of administrative contributions staff: Range: 1-26; mean = 3.6 persons; median = 2

Sex of contributions manager: 52% males; 48% females

level of giving or annual budget, about priorities and other program guidelines and the extent to which other than cash support of voluntary organizations will be a part of the company's total public responsibility efforts. These decisions are influenced by such factors as the environment or culture inside a company, the company's external environment, and the role and influence of particular managers, directors, boards and committees in the total process. The following sections amplify these findings:

1. Total level of giving. Typically, the annual contributions budget total is approved by the chief executive officer (CEO) of the company. The contributions manager first develops a recommendation which is then reviewed by the next level of management and a contributions committee. This is a highly judgmental process, with greatest

weight being given to the amount budgeted the previous year and to current and projected corporate profits. If profits are improving, there is a tendency to increase the budget by a modest amount. Relatively few of the companies establish a long range target. The most sophisticated approach involves a target of contributions as a percentage of pre-tax corporate profits, based on the earnings of the past year, or an average of the prior three years. Where such a target is used, it is typically set at 1.5 percent or 2 percent of pre-tax earnings. A very few companies publicize the target externally, and some others establish an internal target amount but not a target date. Companies are generally reluctant to increase the size of the contributions staff, particularly in the present business climate; as a corollary, they do not wish dramatically to increase the size of the contributions budget because of perceived inability to "spend the money wisely."

2. Priorities. Priorities tend to be stated in broad, conventional categories such as education, arts and culture, health and social services and civic causes. They are largely based on the company's past practices, are infrequently reassessed and often reflect the nature of grant requests received. As noted previously, such programs can be characterized as "reactive" rather than "proactive"—the company does not actively seek, encourage or structure grants that meet its objectives and priorities.

By contrast, some companies have augmented the conventional categories with more specific priorities and have set aside special funds for these areas. Examples include:

- Problems of urban public education—support of programs that develop and sustain school initiatives, including school-business relationships and responsible parent involvement;
- Reform of the civic justice system—support for development and evaluation of dispute resolution systems as an alternative to the courts, both for corporations and individuals;
- Urban neighborhood revitalization—support of national and regional organizations that provide technical assistance to neighborhood-based organizations engaged in revitalization and support of innovative grassroots efforts to reduce arson;
- Nonprofit management—support of projects to improve the management and fundraising capabilities of nonprofit voluntary organizations; and
- Minority science and engineering education—support of high school and summer programs to increase the interest and knowledge of minority high school students in the sciences and to provide scholarship aid and special programs in science and engineering at the college level.

3. Other Guidelines. Corporations frequently establish negative guidelines by identifying groups or project areas they will not fund, such as religious or political organizations or those located outside cities where the company operates. More interesting are positive examples of guidelines that cut across the subject areas of giving:

> "Our program gives us three kinds of funding. At the top of the pyramid are impact gifts—big dollars to a few selected organizations, grants that we sought out and developed. Then in the next category is the bulk of our giving—smaller dollars addressing priorities in various areas. Then at the bottom layer, you have a very democratic way of helping anyone based on what our employees feel like doing

through the matching gift program and to organizations where our people are volunteers."

"We overlay our priorities with three other criteria. The first is 'leverage' where we want other grantmakers to join us in an innovative opportunity or where our grant is structured to encourage the donee to get additional funds from other sources. The second is 'partnership' where we seek a joint venture with the public sector, such as a school system, as the best way of addressing some community problems. And thirdly, we want to make sure that a fair share of our grant money goes away from our headquarters city to other places where we have concentrations of employees."

4. *Non-cash support.* Frequently, a company has greater or more appropriate resources than cash contributions to address a problem or need at the community, regional or national level. These resources range from product gifts such as computers, pharmaceuticals or food-

Companies which started with well-defined grant criteria or priorities . . . generally have far more effective programs.

stuffs, to *pro bono* services by company attorneys or accountants, to the use of company facilities and printing services by nonprofit organizations.

A second important resource is employee volunteers who serve in such varied capacities as a CEO heading a fund drive or chairing an economic redevelopment corporation, an accountant serving as Treasurer of a local nonprofit or employees serving one-on-one as a Big Brother or a Literacy Volunteer. Companies frequently foster such activities by making grants to organizations served by company volunteers, by community service awards for employees and by permitting some volunteer activities on company time.

5. *Company environment.* Every company has a unique "culture" reflecting its history, size, lines of business and possibly the impact of past and present CEO's. Since contributions activity is subjective, discretionary and more visible to the local community than many business functions, the company's culture can have a significant effect on grantmaking. For example, the culture may influence a newly promoted CEO who was initially unenthusiastic about contributions, as described by this contributions manager:

"Top management has always been very supportive of contributions activities. A couple of times there were hesitations when a new top person took over, but it takes them just a few months and they see the value of it. And I think the tradition is there too. We have very active involvement by the executive committee of the board."

Company culture also exerts other influences:

- Smaller and newer companies often have a more open, participatory management style which results in a contributions committee that assumes more initiative and is characterized by more give-and-take in its meetings. Such companies are more likely to include lower level management and rank-and-file employees in contributions committees, especially in plant locations.
- Companies with highly decentralized decision making will delegate more contributions authority to divisions and field units. In such a company, the corporate contributions unit operates as a counselor and monitor; its

grantmaking responsibilities are often restricted to the headquarters community or to national projects.

- Companies with greater concern for employee relations respond more generously in times of adversity. This was illustrated by a comparison between two companies that both had about the same level of corporate profits. The first company continued to make grants in a small community after it closed its plant because the company assumed local needs were greater at that time. By contrast, the second company, which had laid off a large proportion of employees in another small town, turned down a grant to an important local agency because they felt the grant would give employees a conflicting message.

6. Outside environment. An important component of the external environment is the community in which the corporate headquarters is located. Several aspects of that community have a bearing on the giving program: (a) the size, nature, and needs of the community; (b) the prominence of the company in the community, especially relative to other employers; and, (c) the existence of an historical pattern of heavy, moderate or minimal response of local companies to community needs. An additional environmental factor for large national corporations is the giving level and pattern of other companies of like size or in the same industry.

7. Individuals and groups within the company. Individuals and groups having potential influence on contributions decisions are shown in Figure 2. Although the terminology is different between corporate contributions programs and corporate foundations, the process is virtually the same. Over three-fourths of companies in the study use corporate foundations, but frequently a corporate contributions program exists in tandem with the foundation, with the same individuals serving on both the corporate and foundation boards or staffs. Not all levels shown on the chart are present in every company; the boxes enclosed by dashed lines indicate committees not found in every company. All levels tend to exist in major companies, but every level may not play a key or frequent role in contributions decisions. Two individuals playing a major role in most companies are the Chief Executive Officer (CEO) and the manager of the contributions staff; their activities will be described later.

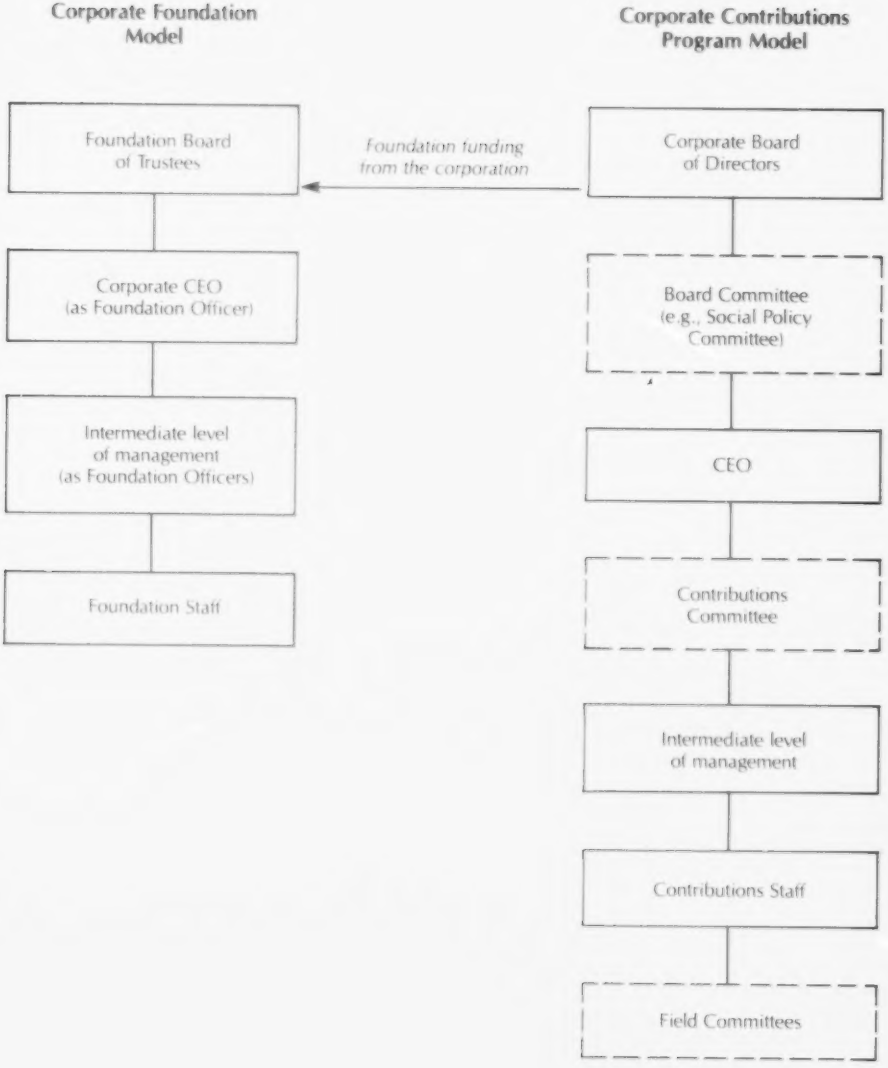
Corporate boards or committees of the board typically give final approval to the annual contributions budget and, where a foundation exists, approve the company's lump sum contributions to the foundation. Individual grants exceeding a prescribed amount are approved at the corporate or foundation board level. Typically, contributions objectives and policy are developed by staff, thoroughly reviewed by an internal committee and then given perfunctory approval at the board level. Any board involvement is heavily influenced by the CEO.

In many companies, decisions about contributions are more often "reactive" than "proactive".

Internal committees are typically key decision-making bodies. They vary greatly in their composition, stature and mode of operation. In some companies,

FIGURE 2

Heirarchy of Decision Making



committees provide active and creative direction to contributions practices and may even involve members in on-site investigation of potential grantees. Committee membership is typically restricted to upper and middle level line and staff managers, but several companies include rank and file employees. Several generalizations serve to describe the operation of internal committees:

- In most companies, committees are vested with considerable authority, take their work seriously and are of genuine assistance to the contributions managers.
- Committees spread the work of the typically sparsely staffed contributions unit and capitalize on the technical expertise and interests of company people.
- Committees are sometimes used to expose "fast track" operating managers to external experiences and issues in preparation for senior management positions.
- Companies that include rank and file employees in contributions committees tend to be smaller and support employee participation in other types of decisions.
- Some companies rotate their committee members regularly; others do not. It takes time to orient new members and many come to enjoy this activity, but planned rotation exposes more employees to this development experience and broadens the company constituency knowledgeable about contributions.

Excellence in Contributions—A Description of the Effective Program

There is no commonly accepted standard of excellence for judging the effectiveness of a contributions program: there is no equivalent to net profits or earnings per share. Data from the study suggest that excellence in this context has three components: the "mechanical" *management* of the program, the *character* and philosophy of the program as reflected by the nature of grants made, and program *size* in relation to the size and resources of the business. Cross-cutting the three components is the program's ability to reflect the needs and nature of the business while appropriately responding to the needs of the communities where the company is located and the needs of the nation. The following discussion of excellence highlights program features and may serve as a guide for those who wish to evaluate their own program.

The most sophisticated approach involves a target of contributions as a percentage of pre-tax corporate profits.

Program management. The following items describe management techniques and performance objectives that apply to the contributions function. These items provide the base on which to construct the other two components of excellence.

1. *Total Level of Giving*
   a. Budget constructed at start of each year
   b. Numerical long range goal established for internal purposes
   c. Numerical long range goal publicly announced

Over three-fourths of companies in the study use corporate foundations.

2. *Program Operation*
   a. Written objectives and rationale of program are fully developed
   b. Areas of giving identified and clearly defined
   c. Special priority areas of giving identified and clearly defined beyond or within the broader categories of giving
   d. Areas of giving formally re-assessed at least once every three years
   e. Exceptions to defined areas of giving limited to no more than 10 percent to 15 percent of the total program
   f. The proportion of dollar value of grants in non-headquarters locations to total grants fairly reflects the representation of those locations in terms of number of employees, revenue produced, local needs, etc.

3. *Decision-making and Review Process*
   a. A contingency, discretionary or unallocated category representing at least 20 percent of the total budget included in the contributions fund
   b. Defined dollar approval levels set for unbudgeted grants at each organizational level
   c. The chief executive officer (CEO) is an active supporter of the contributions program
   d. CEO's objective is a contributions program comparable to or better than the best programs of peer companies
   e. A formal mechanism established (such as membership on a contributions committee) to enable managers to have an impact on the contributions program.

4. *Grantseekers' Accessibility to Program*
   a. Published statement concerning contributions guidelines, priorities and application procedures
   b. Published grant list, including grant amounts
   c. Grantseekers submitting formal proposals consistently given prompt response about the status of their request, including, as appropriate, the time frame for further steps
   d. Grantseekers automatically notified of status of any grants still pending within three months after original response

Character of the program. Program philosophy, character and content can be defined by these factors:

- Existence of a rationale for the program. The rationale should address such questions as: What is the program's basic purpose? How does the company want employees, community people and nonprofit organizations to view the program? What should be the content of the program five years from now? To what extent should the program actively seek and encourage grant requests in target areas?
- Existence of a process to involve company personnel in the program, thus encouraging feelings of ownership of and involvement with the program across the company.
- The program responds to the nature of the company's business and product lines by relating company inter-

ests or expertise to grantmaking. Examples include support of literacy training programs by a chain of book stores, or support for development and use of toys for handicapped children by the toy division of a corporation.

- The program responds to the needs of communities where the company is located. Examples include a bank's sponsorship of a "Handi-Van" that provides supplies and expertise for senior citizens to make home repairs, or a company's support for the formation of a community foundation in a branch office city.
- Concentration of a portion of the program in several major grants sustained for several years, as contrasted with scattering all funds in small grants to many organizations.

Size of the program. The program's dollar size is its most objective characteristic, and possibly for that reason becomes an area of controversy among contributions professionals. Conventional management practice suggests that the contributions function should have long- and short-range numerical objectives like most other business operations. The clearest example is the 2 percent and 5 percent "giving clubs" that started in Minneapolis and later spread to a dozen cities. The corporate members pledge to attain a giving level representing 2 percent or 5 percent of their pre-tax profits. Most major corporations have resisted the clubs because they are perceived as imposing an external goal on management and would often result in doubling or tripling a company's giving. Currently, the corporate world has not accepted any "ideal" level of giving; even the advocates of the concept of a target agree that no single index or ratio (regardless of the exact number) applies equitably to all corporations at all times.

Companies . . . should strive for a modicum of consistency in their giving levels.

Recognizing the difficulty in establishing "reasonable but stretching" targets in this field, but adhering to the principle that "excellence" should include a quantitative objective, the following guidelines for program size are suggested:

- Companies should establish a dollar contributions objective that is carefully developed, approved and communicated to appropriate persons within the company. Final and intermediate target dates should be established. The goal should be developed after program purpose and content have been defined and should be accompanied by staffing and committee assignments to produce a program that will achieve both qualitative and quantitative objectives.
- Companies with highly erratic profits should strive for a modicum of consistency in their giving levels. Many local agencies supported by the company will experience an increase in case loads and a decrease in support from other sources during times of economic downturn. The experience of 1982 and 1983 suggests that companies with foundations were better able to sustain their giving levels by drawing on foundation assets which could then be replaced in years of higher corporate profits.

- The statement of a quantitative goal should specify the categories to be included in the goal. The first consideration should be achieving the desired level of *cash* contributions as distinct from (1) gifts of equipment to increase the company's market penetration for its products, and (2) the estimated value of employee volunteers and their services donated by the company. Such activities constitute important means of corporate involvement, but they should not substitute for a company's basic cash contributions program.

The Impact of Key Individuals

The Chief Executive Officer

As one part of the study, contributions managers were asked to rank 18 factors in order of their importance to a quality program. A primary factor was "The chief executive officer is an active supporter of the contributions program." Interviews indicated that CEO support takes such forms as (1) encouraging the establishment of stretching objectives for the program; (2) urging creative grantmaking that reinforces company objectives; (3) placing "fast track" line managers on the in-company contributions committee to constructively challenge the thrust of the program; and (4) advocating a planned level of giving to the board of directors. For example:

> "Our new CEO wants the company to be perceived externally very differently from the way it has been. He feels it was regarded as well-managed, but rather dull, bureaucratic and plodding. He wants it to become more dynamic, including the thrust of the contributions program. As a result, we're looking for innovative and creative programs in such areas as precollegiate education, environment and conservation."
>
> "At a retreat of the foundation board, our president pleaded with us to preserve 20 percent of our discretionary funds to take some risks. And he said, 'Be sure you don't take the fun out of contributions.' "
>
> "I was concerned that the new contributions budget would be a tough sell at the board level. We were primed to discuss and justify why we were asking for all this crazy money. But at the board meeting, the new budget was introduced by the chairman, who said 'I think it's up to us to make enough profits to cover those contributions,' and that was the end of the discussion."
>
> "I'll give a recommendation to senior management and they may knock me down on the amount or raise the amount, but it's not their style to sit there and dictate which grants to make . . . They treat it very much as a business function . . . The key thing is that this area has the interest of the top people."

Managers . . . stress . . . the importance of personal support from the CEO and the need for reasonably close reporting relationship.

Managers in many staff functions tend to stress the importance of personal support from the CEO and the need for a reasonably close reporting relationship to him. However, because of its highly subjective and arbitrary nature, the contributions function especially benefits from senior management's thoughtful affirmation. Several contributions managers noted that board level support for the contributions function is especially dependent on the CEO. In most companies in the study, the board was clearly influenced by the CEO, with few

instances of outside board members taking the initiative to affect the direction and scope of the program.

Contributions managers also emphasize that there is a thin line between a CEO's constructive support of the activity and domination of contributions decisions as an arbitrary expression of personal preferences. Frequent use of the contributions program as an executive "perk" reduces both the influence and the motivation of the contributions staff and sends a message throughout the company that the program is the private preserve of the CEO. But most importantly, the quality of grantmaking is likely to suffer because priorities are ignored. Managers throughout the company are denied the potential of a program that is responsive to corporate and community interests.

There are times when the CEO or another senior manager feels strongly about supporting a nonprofit organization or cause that is at variance with defined giving objectives. Obviously, it is his prerogative to instruct that a contribution be made, but some companies have followed alternative strategies: (1) They set aside a stated percentage or dollar amount of the contributions budget as "senior management discretionary"; (2) They use operating funds from the CEO's own cost center; or, (3) the CEO makes contributions from personal funds.

Problems of arbitrary senior management intervention are minimized when the management of contributions is treated like any other business function. Application of conventional principles of management to the contributions function involves: (1) developing objectives and policies for the giving program; (2) establishing grantmaking priorities that track the objectives; (3) defining and following a decision-making process that most effectively carries out program objectives; (4) assigning levels of accountability to the individuals and/or groups that make decisions; (5) monitoring performance; and (6) assigning to the contributions function staff personnel and committee members that are creative, objective and results-oriented.

Problems (of arbitrary senior management intervention) are minimized when management of contributions is treated like any other business function.

The Contributions Manager

The contributions manager performs a unique role in the company. The position is "one of a kind" and requires numerous contacts with a wide variety of community organizations and their leaders. The effectiveness of this manager is dependent upon his/her ability simultaneously to relate to community and company interests by operating a contributions program that is useful to both constituencies. In larger national corporations, the constituencies are enlarged to other communities where the company operates, as well as nonprofit organizations that are national in scope. While required to be sensitive to the "outside world", the contributions manager is charged with dispersing funds that rarely produce a measurable benefit

for the company. As a consequence, the incumbent must perform a delicate balancing act in serving the interests of both the company and the community.

Several managerial styles observed during the study illustrate the skills employed by contributions managers. These descriptions are admittedly an oversimplification of the real world; most managers use a combination of two or more styles in varying proportions.

- *The loyal soldier* receives orders from above and faithfully carries them out. This manager is alert to any signals that may accompany grant proposals sent down from the executive office. Contributions priorities, if they exist, are broad and perfunctory, so that the program tends to be driven by requests received from outside constituencies or causes important to the CEO. If there is an internal contributions committee or foundation board, it tends to have brief meetings where grants are routinely approved because "everyone is on the same team". Similarly, there are no reversals of committee decisions by top management because orders have been followed to the letter.
- *The skillful tactician* is adroit at reading the mind of the CEO, but augments this skill by building a constituency of other company managers who have high credibility with the CEO. This constituency, in turn, gives credibility to the contributions program and may help to protect it in times of corporate adversity. Depending on the tactician's reading of the company culture, the program may reflect creativity, growth and reasonably wide involvement and support across the company. The tactician caucuses frequently with his boss and the CEO about individual grants and only rarely champions those that might encounter difficulty within the contributions committee or foundation board. For example:

  "When we go to the foundation board, the staff expects the board will endorse our recommendations because there has been some sampling of the water on each of these proposals before we get that far . . . There are rare times at a board meeting when I sense that if we called for a vote, they would vote 'no' on something that we were recommending. I then ask them if we can go back to the drawing board and they smile and say, 'Take it back and see us next time.' On three or four occasions, we have gone back and brought new evidence and gotten it approved, and several times we re-examined it and realized that the board was right and we were wrong."

- *The change agent* sees the job as an opportunity for moving contributions in new directions. Change agents vary in the relative emphasis they place on changes in the *content* of the program versus the *process* by which changes are made. Those oriented toward *content* take all available opportunities to move the program in the direction they desire. By contrast, those oriented toward *process* establish a climate and mechanism to produce consensus decisions, whatever the outcome may be. The true change agent introduces changes in process to bring about changes in content that reflect the thinking and support of the decision-making group. Programs managed by change agents are characterized by candid give-and-take in committee meetings and with no predetermined outcome, but with group support once the decision is made. The best of such programs creatively relate grantmaking to the interests of the business and the community and

have reasonably wide support and understanding throughout the company. The change agent manager usually feels secure in the job and perceives the climate as supportive of risk-taking.

"I could give you a whole list of things our committee turned down. It's important for several reasons. If we didn't do this, we wouldn't have ever changed anything we're doing. That's when change is introduced. Secondly, it tells us when the committee gets together for its annual review meeting what basic issues we should be talking about. It forces policy decisions. For instance, I said to them, 'I tried to bring you the Peace Museum last year. Are you telling me that nuclear arms and peace are really not issues you want to address?' "

- *The broker-advocate* is a person with a cause, acting to connect the company and the community. Beyond grantmaking, this manager mobilizes employees and other non-cash resources of the company to address those community needs he/she feels are important. However, the broker-advocate who fails to relate effectively to company managers and culture runs the risk of being a "do-gooder" operating outside the mainstream of the company. In its most effective form, this management style provides a bridge between the corporation and the community and helps create a favorable local impression of the company.
- *The technocrat* relies almost exclusively on a rigid application of the principles of planning, organization and control in the operation of the program. Requests for funding receive prompt reply via a form letter or a printed post card. The objectives and priorities of the program are spelled out, but may have been developed unilaterally by the contributions manager. The program will not be known for its creativity, but donees know where they stand and within the company, the contributions function is perceived as being under tight control.

The components of excellence: support of the chief executive (and) a program reflecting the needs, culture and resources of the company while creatively responding to . . . public needs.

Conclusion

The quest for the characteristics of the effective contributions program has included an examination of the decision making process, of individuals and committees in the company that play a role in contributions decisions and of three components of excellence: the management of the program, the character of the program as reflected by the grants made and the dollar size of the program relative to potential company resources. Overlaying those components is the impact of two individuals: the chief executive officer of the company and the contributions manager. The components of excellence can be most fully attained when they reflect the commitment and challenging support of the chief executive coupled with a contributions manager who structures a program reflecting the needs, culture and resources of the company while creatively responding to relevant public needs.

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